

DAILY BULLETIN

JANUARY 3, 2005

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POWELL, ANNAN CONFER ON TSUNAMI RELIEF EFFORTS

Powell terms disaster unprecedented; Sudan, Iraq also discussed

Secretary of State Colin Powell called the Indian Ocean tsunami “an unprecedented disaster,” declaring that the need is great not just for immediate relief but for long-term reconstruction efforts as well.

Powell’s remarks came after his meeting in New York December 31 with United Nations Secretary-General Kofi Annan. Powell outlined relief efforts to date, and called on other nations to “reach deep.”

He and Annan concurred that the area hardest hit by the tsunami was the troubled Aceh province of Indonesia, and both expressed hope that a spirit of cooperation evidenced between Indonesian factions would extend beyond the current emergency. They raised the same hope for Sri Lanka, where disputing parties might be able, in Annan’s words, to “use these new dynamics to resolve their own differences.”

Powell and Annan also praised new peace efforts in Sudan, and said they discussed the upcoming January 30 Iraqi election.

When asked about past differences between the United States and the United Nations, Powell responded, “This is not the time for squabbles. This is a time for all of us to work together to help people who are in desperate need.” The Secretary General added, “the

UN needs the U.S. and the U.S. needs the UN, and we have to work together.”

Following is a transcript of Secretary Powell’s and Secretary General Annan’s remarks after their meeting.

United Nations Headquarters
New York, New York
December 31, 2004

SECRETARY GENERAL ANNAN: Good afternoon, ladies and gentlemen. Secretary Powell and I have had a very useful discussion this afternoon. We reviewed the situation of the tsunami crisis and our efforts to assist the countries and the people in need, and the need for us to cooperate and coordinate our efforts as effectively as possible. When I say coordinate, I mean not just between member-states but also at the national level with the national NGOs, national Red Cross and Red Crescent, the national organizations, regional organizations, and the international effort. And the Secretary of State will perhaps tell you a bit more about the assets that are being moved into the area, because we are going to need major logistical support: airplanes, helicopters and air controllers to assist us move the produce and the goods as quickly as possible so that we don’t have air bottlenecks.

On the question of fundraising, I think that things are looking up. We are doing very well for the moment. But as I said, we are in it for the long term; and I will urge governments not only to contribute for the moment, but be prepared to continue the effort over the longer term.

We also had the chance to talk about the situation in Iraq and the upcoming elections and the efforts we are making to assist the Iraqi Electoral Commission to ensure that technically everything is in place and that the elections go ahead on the 30th of January as planned.

And of course, naturally, we were both pleased with the peace agreement in Sudan; and we now have to look forward to its implementation, and we are going to work with both parties to implement the agreement. And of course, Darfur was also on the agenda, what further steps can be taken to improve the situation in Darfur.

And finally, I also had the opportunity to thank Secretary Powell for the strong support and cooperation we have had throughout his term as Secretary of State, and I think we are all going to miss working with him. And in a way, I am even envious that he is walking on to a private life now.

SECRETARY POWELL: Thank you very much, Secretary General. We did have a good meeting. We also had a good meeting yesterday by television remote control. And I think it shows how the international community has worked hard to make sure that our efforts are coordinated in a very coherent way.

This is the sixth day of this crisis, and a lot has happened over these six days. We have dispatched assessment teams; humanitarian supplies are on the way; military forces are on the way -- a particularly large contingent from the United States armed forces; and fundraising has been started, and significant funds are being allocated to this effort.

On the part of the United States, we indicated in the first day of the crisis an initial infusion of \$4 million, which became \$15 million on the second day, and then \$35 million on the third day as we made our assessment of what the needs were going to be over time. And as we indicated throughout the week, the United States was prepared to do more once we had a better understanding of what the requirements would be.

And as a result of assessments that have been made over the last couple of days by representatives of the United States Agency for International Development and recommendations that were given to me early this morning by Administrator Natsios of USAID and then a phone conversation I subsequently had with President Bush this morning, President Bush has decided and we announced from the Crawford White House a little while ago that the United States contribution would now go up to \$350 million. That includes the \$35 million earlier allocated.

So this tenfold increase is indicative of American generosity, but it also is indicative of the need. The need is great, and not just for immediate relief but for long-term reconstruction, rehabilitation, family support, economic support that’s going to be needed for these countries to get back up on their feet.

I am also pleased at the amount of private giving that is now taking place. American corporations and American citizens are being quite generous, and I would encourage such generosity across the world.

I would also encourage all the nations of the world to reach deep and to make as significant a contribution as they are able to, because this is an unprecedented disaster. It’s unprecedented in my career and I have been through a number of humanitarian crises over the last 20

years. So I hope that the world will be generous in this regard.

The area that was hardest hit among many areas hit hard was, of course, Indonesia, in Aceh, and that's where the priority will be. It's not just a matter of money, as the Secretary General and I discussed; it's a matter of being able to distribute supplies and take care of retail distribution using helicopter and air assets and truck assets once you get supplies to major airheads. And so we'll be working on that.

As the Secretary General noted, we, too, are pleased that an agreement has been signed between the SPLM, Dr. John Garang, and with the government in Khartoum. I would like to congratulate the parties, congratulate IGAD, congratulate General Sumbeiywo who played such a key role in serving as a chief negotiator for this over a long period of time. The United States would also be ready, with the United Nations, to support the subsequent efforts that will be necessary to bring peace finally to the Sudan, at least this conflict coming to an end while we deal with the continuing tragedy in Darfur. And of course, you know Ambassador John Danforth played an important role in this effort, too, and I congratulate him for that.

And we did have a good conversation on the Iraq election coming up on the 30th of January, an election that we are committed to see go forward, because the Iraqi Interim Government wants it to go forward, the Iraqi people want to have the opportunity to vote for their new leadership.

Thank you very much, Mr. Secretary General, for your kind words.

POWELL SAYS TSUNAMI DISASTER REQUIRES MASSIVE INTERNATIONAL RESPONSE

Secretary, Florida governor to travel to Thailand, Indonesia, Sri Lanka

By Ralph Dannheisser

Washington File Special Correspondent

Bound for a visit to several nations ravaged by the December 26 earthquake and tsunami in the Indian Ocean, Secretary of State Colin Powell stressed America's determination to do all it can in the relief efforts.

During a pre-departure round of appearances on television network interview programs January 2, Powell described the devastation as "one of the worst catastrophes the world has ever seen" and one that requires an international response on a massive scale.

"This is the worst in terms of the number of countries involved and in terms of the loss of life," the millions of people displaced and the tens of thousands more missing and injured, he said in an appearance on NBC's "Meet the Press With Tim Russert."

Powell said that he and Florida Governor Jeb Bush -- the president's brother -- and the delegation they are leading would meet with government leaders in the region and international organizations working there to determine what more the United States can do to help. Their first stops will be in Bangkok and Phuket in Thailand, after which they will be traveling to Jakarta and Aceh in Indonesia, and finally to Sri Lanka.

He said that he also would take part in an international conference in Jakarta on January 6 with U.N. Secretary-General Kofi Annan and other leaders.

The secretary said a key consideration in a number of other upcoming visits by administration officials and members of Congress will be to "make sure that we are complementing what's going on, not getting in the way."

Powell rejected suggestions that the United States -- which has now pledged \$350 million to the relief effort -- had reacted too slowly and, at first, too timidly to the disaster. He said the United States, responsive from the start, steadily increased its involvement "as we got our assessments in and as the magnitude of this really hit us."

Even while waiting for those assessments, he said, "we dispatched teams, we diverted ships with food, we launched our military forces from our Pacific Command." The U.S.S. Bonhomme Richard expeditionary strike group and the U.S.S. Abraham Lincoln carrier battle group, with their attendant helicopters and other aircraft, were dispatched to provide logistical and transportation support.

Speaking on CBS's "Face the Nation," Powell said that the challenge facing disaster relief efforts now is transporting supplies to the remote areas that need them. The bottlenecks in the distribution system "tend to be airports and port facilities when the aid starts to arrive," he noted.

"You have to have in place a system at the other end that can distribute this aid. Invariably, that's a combination of international organizations, nongovernmental organizations, but ultimately it has to be the government itself," the secretary said.

Powell said that rebuilding affected areas in the region would be "a multiyear effort," noting that "whole villages and towns have been simply obliterated" and the survivors have not only lost family members, but also have "lost their homes, they've lost their economic wherewithal."

He said reconstruction efforts will be primarily the responsibility of the affected nations, but added that "they're going to need a great deal of help." He said that President Bush "has made it clear that the United States will be in the forefront of this, as we have been in almost every similar disaster in recent history or, frankly, in long-term history."

Speaking on CNN's "Late Edition With Wolf Blitzer," Powell noted that "our giving comes in many forms."

"Some of it is straight contributions of the kind we've been talking about -- the \$350 million, for example. But other giving comes from the private sector," he said, citing companies which have matched employee contributions and the Internet book, video, and music seller amazon.com, which requested its customers to make donations to the American Red Cross.

"In the last couple of days, they've [amazon.com] raised \$14 million from their subscribers. The same thing is happening at [the Internet Service Provider] aol.com and so many other places. That's typical of American generosity. And so you have to factor that in and you have to factor a lot of the other things that our military does in the course of the year" in calculating how much Americans really are giving, he said.

Powell said that an investment in less fortunate nations is an investment in national security.

"If nations are poor, if they don't see hope, if they're riddled by disease, if no one is helping them, then radicalism takes over, they lose faith in democracy and they start turning in other directions," he said. "This is an investment not only in the welfare of these people, which in and of itself is a good thing to do; it's an investment in our own national security."

According to Powell, the United States is ready and willing to help create a tsunami warning system covering the Indian Ocean to prevent a recurrence of the December 26 tragedy.

"We have the scientific expertise associated with this kind of a warning system with NOAA [the National Oceanic and Atmospheric Administration] and we want to work with the international community. But the nations in the region have also got to make a commitment to this," he said. Powell said that although scientists know how to set up a tsunami warning system, "it takes money, it takes equipment, it takes resources" to actually put one in place.

Asked about prospects for the upcoming election in Iraq -- and specifically whether it might produce a government that would draw much closer to Iran, Powell said on NBC that while "there may be Iranian influence... there is sufficient difference and past serious disagreements and conflicts between Iranian and Iraqi Shias that the Iraqi Shias will stand on their own two feet."

When shown a photograph of Mahmoud Abbas, a leading candidate to head the Palestinian Authority, being celebrated by terrorist adherents, Powell said: "That particular scene was disturbing, but I don't think it reflects Mr. Abbas's overall approach to governing."

If Abbas "shows a real commitment to end terror, I think he will find an Israeli partner ready to work with him, and he will certainly find the international community and especially the United States ready to play an important role," he said.

The full transcripts of Powell's January 2 interviews on CNN, CBS, and NBC are available at:
<http://www.state.gov/secretary/rm/2005/>

COUNTRIES EXPECT BUMPY TRANSITION TO NEW TEXTILES TRADE SYSTEM

China, as dominant exporter, viewed with concern
By Andrzej Zwanecki
Washington File Staff Writer

Washington -- World Trade Organization (WTO) countries are bracing for dramatic shifts in trade of textiles and apparel as industries across the globe try to adjust to a more open trade regime after the current quota system expires December 31.

Large textiles/apparel importing countries and smaller exporting nations are concerned that exports from China and India will surge once the quotas are removed, with devastating impact on millions of jobs in producing nations with less potent and competitive textiles/apparel industries.

The Multifiber Agreement reached in 1974 as part of the General Agreement on Tariffs and Trade (GATT) and its successor, the Agreement on Textiles and Clothing, scheduled to expire by the end of 2004, have governed trade in textiles and clothing through a system of import quotas set on a country-by-country basis.

The U.S. International Trade Commission (USITC) said in a February report that China is poised to become a dominant player in the U.S. textile and apparel market under the new regime because Chinese producers have the ability to make almost any type of textile and apparel product at any quality level at a competitive price. A 2004 WTO study said that China's share of global trade in textiles and clothing could more than double from 25 percent in 2002 to 50 percent after quotas are lifted.

Many developing countries, such as Bangladesh, Egypt, Madagascar, Sri Lanka and Uganda, worry that their products will be crowded out of large developed markets by rising Chinese and Indian imports.

A group of 10 developing nations led by Mauritius asked the WTO to assess the impact of the quota phase-out on individual countries. The group also asked the WTO for advice on how to manage the transition to the more open trade regime, according to an October 7 WTO news release.

But informal consultations among WTO members failed to produce any formal agreement on any form of help to more vulnerable producers. China, India and some other

exporting nations argued that such producers should seek improved preferential treatment from the largest textiles-importing countries and assistance from multilateral financial institutions rather than relief from the WTO.

In a related development, producers from 51 developing countries have backed a petition filed in October by the U.S. textiles industry to limit U.S. imports of Chinese textiles and apparel in nine categories including socks, cotton and synthetic trousers, wool trousers, cotton and synthetic knit shirts, and underwear.

The Bush administration, citing market disruption concerns, decided October 22 to impose quotas for up to one year on sock imports from China, and by December 6 it had accepted for consideration requests in all nine categories.

In the 1980s, similar U.S. safeguard actions against imports of machine tools and automobiles from Japan led to voluntary export restraints by Japanese producers.

The U.S. interagency Committee for the Implementation of Textile Agreements (CITA) also agreed to consider the U.S. textiles industry's request for a re-application of quotas imposed in December 2003 on fabric and clothing imports from China in three other categories.

Such quotas can be levied under safeguards approved as part of the 2001 U.S.-China bilateral trade agreement, the pact under which the United States approved China's entry into the World Trade Organization (WTO).

But U.S. clothing retailers and importers, who have welcomed the quota-free system, argue that the administration has approved the requests for safeguards based on the mere threat of market disruption due to expected import surges, rather than on evidence of actual market disruption as required by law. Consequently, they filed suit December 2 to bar the Bush administration from imposing new quotas. Some retailers said that the threat of such an action has already disrupted their plans to import goods from China in 2005 and that the action itself would restrict expected benefits for consumers, according to news reports.

China indirectly acknowledged that the transition to the new trade regime might be bumpy when it announced December 12 that it will begin January 1, 2005, taxing its textiles and clothing exports to "ensure a smooth transition for textile integration following the end of the quota system."

The announcement has been received with caution by the Bush administration and the European Council, the governing body of the European Union (EU), because the announcement did not provide details on the magnitude of export duties China intends to impose.

The Bush administration decided to consider re-imposition of quotas on imports from China after the Chinese announcement. The EU agreed December 22 to make it easier for European textiles firms to file complaints against the dumping of textiles imports from China on European markets.

NEW CHIP-SCALE MAGNETIC SENSOR IS THE SIZE OF RICE GRAIN

Could allow mass production of computer-chip-sized sensors

U.S. researchers have demonstrated a low-power, magnetic sensor about the size of a grain of rice that can detect magnetic field changes a million times weaker than the Earth's magnetic field.

According to a December 29 press release from the National Institute of Standards and Technology (NIST), the device can be powered with batteries and is about 100 times smaller than current atom-based sensors with similar sensitivities that typically weigh several kilograms.

A commercial version of the new sensor could be used in medical instruments, hand-held devices for sensing unexploded mines and bombs, precision navigation, and geophysical mapping to locate minerals or oil.

The new magnetic sensor is based on the principles of a NIST chip-scale atomic clock announced in August. The research was funded by the U.S. Defense Advanced Research Projects Agency.

Like the NIST chip-scale clock, the new magnetic sensor can be fabricated and assembled on semiconductor wafers. This offers the potential for low-cost mass production of sensors about the size of a computer chip.

The key advantages of the new sensor, says Peter Schwindt, one of the NIST developers, are its accuracy

and sensitivity given its small size -- when packaged with associated electronics, it will be about 1 cubic centimeter, the size of a sugar cube.

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